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Samuel H. Rudman, Esq.
srudman@csgrr.com

May 28, 2008

VIA ECF AND BY HAND

The Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street, Room 1340
New York, NY 10007

Re: *In re Doral Financial Corp. Sec. Litig.*
Master Action No. 1:05-MD-01706 (JSR)

Dear Judge Rakoff:

We represent the Lead Plaintiff West Virginia Investment Management Board ("Lead Plaintiff") and Plaintiffs Angel A. Burckhart and Administracion De Compensaciones Por Accidentes De Automoviles (collectively with the Lead Plaintiff referred to herein as "Plaintiffs") in the above-referenced securities class action and respectfully submit this letter in response to Defendant PricewaterhouseCoopers LLP's ("PwC") letter, dated May 21, 2008. In its letter, PwC argues that the United States Supreme Court's decision in *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 127 S. Ct. 2499 (2007) ("*Tellabs*") supports its motion to dismiss Plaintiff's Consolidated Amended Complaint ("CAC"). For the reasons set forth herein, we respectfully submit that the CAC sufficiently pleads scienter under the standards set forth in *Tellabs* and PwC's motion to dismiss should be denied in its entirety.

PwC argues that "plaintiffs have not pleaded specific facts to support an inference of scienter that is both cogent and at least as compelling as any opposing inference to be drawn from the facts alleged" because it was misled by management (page 2). This argument is nothing more than a rehash of the argument that PwC has already made in this case and we respectfully refer the Court to our prior brief on this issue.

To the extent that PwC argues that *Tellabs* somehow changes the result here, they are incorrect. Even considering that certain Doral executives and employees have been criminally charged with fraud, it is clear that the CAC raises a strong inference that PwC either acted with knowledge of the massive accounting fraud at Doral Financial Corp. ("Doral") or was extremely reckless.



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Indeed, this is not a case where an auditor has been an unwitting participant in an accounting fraud. It is a case where an auditor issued audited financial statements, represented that those financial statements were audited in conformance with Generally Accepted Auditing Standards ("GAAS") and presented in conformity with Generally Accepted Accounting Principles ("GAAP") when nothing could be further from the truth. Had PwC performed any audit at all it would have discovered, among other things, that not a single line in Doral's financial statements was true and Doral had overstated pre-tax income by almost \$1 billion and understated debt by \$3.3 billion during the five-and-a-half year Class Period. Further supporting a strong inference of scienter is the fact that PwC also audited the other financial institutions that were participants in the accounting scheme with Doral. Thus, PwC was on all sides of the improper transactions that caused at least three major financial institutions to restate many years worth of financial statements. Considered in their totality, the allegations of the CAC raise a compelling and cogent strong inference of scienter.

We respectfully submit that PwC's motion to dismiss should be denied in its entirety.

Respectfully submitted,

Samuel H. Rudman

cc: SERVED BY ECF ONLY
Counsel of Record

CERTIFICATE OF SERVICE

I hereby certify that on May 28, 2008, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I have mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

s/ Samuel H. Rudman

SAMUEL H. RUDMAN

COUGHLIN STOIA GELLER

RUDMAN & ROBBINS LLP

58 South Service Road, Suite 200

Melville, NY 11747

Telephone: 631/367-7100

631/367-1173 (fax)

E-mail:SRudman@csgrr.com

Mailing Information for a Case 1:05-md-01706-JSR

Electronic Mail Notice List

The following are those who are currently on the list to receive e-mail notices for this case.

- **Mario Alba , Jr**
malba@csgrr.com,e_file_ny@csgrr.com,drosenfeld@csgrr.com
- **Beatriz Annexy-Guevara**
annexy@reichardescalera.com
- **Eric James Belfi**
ebelfi@labaton.com
- **Aaron Lee Brody**
ssbny@aol.com
- **Ken H. Chang**
kchang@wolffpopper.com
- **Jesus E. Cuza**
cuza@gtlaw.com,ftldocket@gtlaw.com,depasqualem@gtlaw.com
- **Lynn Ann Dummett**
ldummett@sidley.com,nydocket@sidley.com
- **Cory W. Eichhorn**
eichhorn@gtlaw.com
- **Rafael Escalera-Rodriguez**
escalera@reichardescalera.com
- **William Bernard Federman**
wfederman@aol.com,ngb@federmanlaw.com,law@federmanlaw.com
- **Jack Gerald Fruchter**
JFruchter@FruchterTwersky.com
- **Jonathan B Gaskin**
jgaskin@orrick.com
- **Seth Robert Goldman**
srgoldman@mintz.com,jbove@mintz.com,rcorona@mintz.com,Docketing@mintz.com,mkakalia@mintz.com
- **Thomas C. Green**
tcgreen@sidley.com
- **Gary John Hacker**
ghacker@skadden.com

- **Robert I. Harwood**
rharwood@hfsq.com
- **Marc S. Henzel**
Mhenzel182@aol.com
- **Christopher Scott Hinton**
chinton@hintonlegal.com
- **Kelly Marie Hnatt**
maosdny@willkie.com,khnatt@willkie.com,aweiner@willkie.com
- **Darren T. Kaplan**
dkaplan@chitwoodlaw.com
- **Eduard Korsinsky**
ek@zklaw.com
- **Pamela Elizabeth Kulrud**
pkulrud@kmslaw.com
- **Leigh R. Lasky**
lasky@laskyrifkind.com
- **Barry Richard Lax**
blax@laxneville.com
- **Joseph Lipofsky**
jlipofsky@zsz.com
- **John L. McManus**
mcmanusj@gtlaw.com
- **James Andrew Meyers**
jmeyers@orrick.com
- **Jeffrey Michael Norton**
jnorton@hfsq.com
- **Enrique Peral**
eperal@munetlaw.com
- **Ira M. Press**
ipress@kmslaw.com
- **Barry Wayne Rashkover**
brashkover@sidley.com
- **Marian Rosner**
mrosner@wolfdpopper.com
- **Samuel Howard Rudman**
srudman@csgrr.com,e_file_ny@csgrr.com
- **Jay Paul Saltzman**

jay@spornlaw.com

- **Elliot H. Scherker**
scherker@gtlaw.com
- **Frank Rocco Schirripa**
frank@spornlaw.com
- **Michael Adam Schwartz**
mschwartz@hhplawny.com,kreid@hhplawny.com
- **David R. Scott**
drscott@scott-scott.com
- **Sona Ramesh Shah**
sshah@zsz.com
- **Jeffrey Burton Sklaroff**
SklaroffJ@gtlaw.com,GTCourtAlert@gtlaw.com,Fraynej@gtlaw.com
- **Matthew David Slater**
mslater@cgsh.com,maofiling@cgsh.com
- **Richard A Speirs**
rspeirs@zsz.com
- **Olimpio Lee Squitieri**
lee@sfclasslaw.com
- **Michael Richard Young**
maosdny@willkie.com,myoung@willkie.com
- **Jeffrey Charles Zwerling**
jzwerling@zsz.com

Manual Notice List

The following is the list of attorneys who are **not** on the list to receive e-mail notices for this case (who therefore require manual noticing). You may wish to use your mouse to select and copy this list into your word processing program in order to create notices or labels for these recipients.

Russell James Gunman

Coughlin, Stoia, Geller, Rudman & Robbins, LLP(LIs)
58 South Service Road
Suite 200
Melville, NY 11747

Glenn Carl James-Hernandez

James Law Offices
PMB 501, 1353 Rd. 19
Guaynabo, PR 00966-2700

Gregory E. Keller

Chitwood Harley Harnes, LLP
11 Grace Avenue
Great Neck, NY 10021

Jennifer L. Kroman

Cleary Gottlieb Steen & Hamilton, LLP(NYC)
1 Liberty Plaza
New York, NY 10006

Richard A. Maniskas

Schiffrein & Barroway, L.L.P.
280 King of Prussia Rd.
Radnor, PA 19087

Nestor Mendez-Gomez

Pietrantonio, Mendez & Alvarez
209 Munoz Rivera Ave.
Suite 1901
San Juan, PR 00918

John E. Mudd

John E. Mudd Law Office
P.O. Box 194134
San Juan, PR 00919

Jose F. Quetglas

Quetglas Law Office
P.O. Box 16606
San Juan, PR 00908

Eric M. Quetglas-Jordan

Quetglas Law Office
P.O. Box 16606
San Juan, PR 00908-6606

Nelson Rivera-Cabrera

Nelson Rivera Cabrera Law Office
P.O. Box 195277
San Juan, PR 00919

Heidi L. Rodriguez-Benitez

Pietrantonio, Mendez & Alvarez
209 Munoz Ave.
Suite 1901
San Juan, PR 00918

Modesto L. Rodriguez-Suarez

Marichal & Hernandez
33 Bolivia
Suite 301
San Juan, PR 00917

Arthur L. Shingler

Spector, Roseman & Kodroff
401 B Street
San Deigo, CA 92101

, III

Shelley Thompson

Labaton Sucharow, LLP
140 Broadway
New York, NY 10005

Mark A. Topaz

Schiffrein & Barroway, L.L.P.
280 King of Prussia Rd.
Radnor, PA 19087

Kenneth Y. Turnbull

Orrick, Herrington & Sutcliffe, LLP
3050 K Street, N.W.
Washington, DC 20007

Diana L. Weiss

Orrick, Herrington & Sutcliffe, LLP (DC)

Columbia Center
1152 15th Street, N.W.,
Washington, DC 20005-1706